

Message Text

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ACTION EA-10

INFO OCT-01 ARA-10 EUR-12 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 TRSE-00 XMB-04 OPIC-06

SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 INT-05 GSA-02

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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 9381

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY LA PAZ

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

UNCLAS KUALA LUMPUR 1608

E.O. 11652: N/A

TAGS: EMIN MY

SUBJ: MALAYSIAN CONCERN OVER NEW AUTHORITY FOR TIN DISPOSALS
FROM G.S. A. STOCKPILE

REF: KUALA LUMPUR 1557

ON MARCH 25, GOM INFORMATION SERVICE RELEASED FOLLOWING STATEMENT
BY MINISTER OF PRIMARY INDUSTRIES DATUK MUSA HITAM REGARDING
POSSIBLE NEW AUTHORITY FOR DISPOSAL OF TIN FROM G.S.A. STOCKPILE:
QUOTE. THE GOVERNMENT OF MALAYSIA HAS BEEN CLOSELY FOLLOWING
THE PROGRESS OF MOVES IN THE UNITED STATES CONGRESS WHICH SEEK
AUTHORITY FOR THE RELEASE OF UP TO 100,000 TONS OF TIN FROM THE
GENERAL SERVICES ADMINISTRATION STOCKPILE. CONGRESSIONAL
HEARINGS ARE DUE TO OPEN IN WASHINGTON ON THE PROPOSAL TODAY,
25TH MARCH, 1975.

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MALAYSIA RECOGNISES THE INHERENT RIGHT OF THE GOVERNMENT OF THE UNITED STATES TO DISPOSE OFF (SIC) ITS STOCKPILE OR A PORTION OF IT IN A MANNER IT SEES FIT. MALAYSIA, HOWEVER, NOTES WITH CONCERN THE PROPOSAL SEEKING TO RELEASE THE AMOUNT FROM THE STOCKPILE AS IT MAY AFFECT THE MARKET THAT IS ALREADY DEPRESSED AND MAR OPERATIONS OF THE INTERNATIONAL TIN BUFFER STOCK SCHEME TO STABILISE THE PRICE OF THE COMMODITY IN THE INTEREST OF BOTH PRODUCER AND CONSUMER COUNTRIES.

MALAYSIA HOPES THE GOVERNMENT OF THE UNITED STATES WILL TAKE INTO ACCOUNT THE EFFECT OF SUCH MOVES DURING CURRENT RECESSIONARY PERIOD IN THE WORLD ECONOMY ON THE INCOME OF THE PRODUCER COUNTRIES. IT SHOULD ALSO BE NOTED THAT TIN IS STILL ONE OF THE MAINSTAYS OF A NUMBER OF DEVELOPING TIN PRODUCING COUNTRIES, IN PARTICULAR WITHIN THE ASEAN REGION NAMELY MALAYSIA, INDONESIA AND THAILAND.

MALAYSIA ALSO VIEWS THE PROPOSAL WITH CONCERN IN THE LIGHT OF CURRENT EFFORTS BY THE INTERNATIONAL COMMUNITY TO STABILISE PRICES OF PRIMARY PRODUCE (SIC) IN THE INTEREST OF BOTH THE PRODUCING AND CONSUMING NATIONS. WE HAD NOTED WITH INTEREST THE VIEWS EXPRESSED BY THE UNITED STATES SECRETARY OF STATE, DR. HENRY KISSINGER, ON THE NEED TO STABILISE THE PRICE OF COMMODITIES AND FEEL THAT THE PROPOSAL FOR THE RELEASE OF G.S.A. TIN STOCKPILE WILL NOT BE IN CONFORMITY WITH CURRENT MOVES BY THE INTERNATIONAL COMMUNITY AND THE ROLE THAT COULD BE PLAYED BY THE GOVERNMENT OF THE UNITED STATES IN HELPING TO ENSURE PRODUCTION AND SUPPLIES AT FAIR AND ADEQUATE PRICE LEVELS IN THE INTEREST OF BOTH PRODUCER AND CONSUMER NATIONS.

MALAYSIA IS OF THE OPINION THAT THE INTERNATIONAL TIN BUFFER STOCK SCHEME ADMINISTERED BY THE INTERNATIONAL TIN COUNCIL -- WITH MEMBERSHIP FROM PRODUCER AND CONSUMER COUNTRIES -- IS THE BEST EXAMPLE OF INTERNATIONAL EFFORTS TO STABILISE PRICES FOR THE MUTUAL BENEFIT OF BOTH PARTIES. IT HAS DEMONSTRATED HOW COOPERATION BETWEEN PRODUCER AND CONSUMER COUNTRIES CAN BRING ABOUT PRICE STABILISATION ARRANGEMENTS.

MALAYSIA BELIEVES IN THE GOOD FAITH OF THE GOVERNMENT OF THE UNITED STATES TO APPRECIATE THE GRAVITY OF THE SITUATION FOR PRODUCER NATIONS IN PARTICULAR AND THE POSSIBLE EFFECT ON
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PRODUCTION AND SUPPLIES FOR CONSUMER NATIONS IN THE LONGRUN.

MALAYSIA STRONGLY FEELS THAT SHOULD IT BE AGREED THAT G.S.A. MUST DISPOSE OFF SOME OF ITS TIN, IT SHOULD BE DONE IN SUCH A MANNER AS NOT TO ADVERSELY AFFECT OR DEPRESS THE MARKET.

THE SERIOUSNESS OF THE THREAT OF ANY MAJOR STOCKPILE RELEASE BY G.S.A. HAS PROMPTED MALAYSIA TO INITIATE JOINT ASEAN CONCERTED

APPROACH AND REPRESENTATION OF THE MATTER BOTH AT THEIR RESPECTIVE
CAPITALS AND IN WASHINGTON. WE HAVE ALSO CALLED FOR SIMILAR
APPROACH AND REPRESENTATION BY OTHER PRODUCER COUNTRIES. IN
THIS CONTEXT, THE GOVERNMENT OF MALAYSIA HAS COMMUNICATED ITS
VIEWS TO THE EMBASSY OF THE UNITED STATES IN KUALA LUMPUR. UNQUOTE
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